

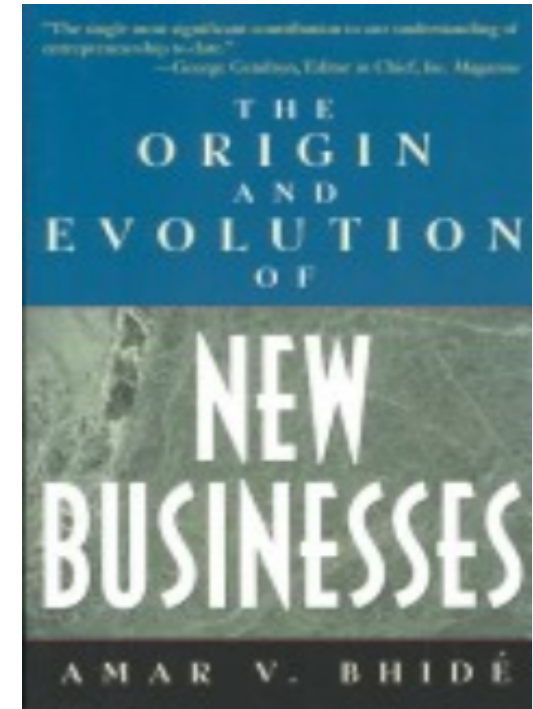
# Business Planning and Adaptation

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# Is writing a plan useful?

- Myopic opportunism
  - Unscientific experimentation
  - Opportunistic selection
- Value is in learning
  - Process vs. Document
  - Testing assumptions vs. prediction



Get comfortable with the unknown

# Myths surrounding entrepreneurship

- “Entrepreneurs are born, not made”
- “Entrepreneurs must be inventors”
- “They have a standard profile”
- “All you need is luck to be an entrepreneur”
- “Entrepreneurs are extreme risk takers”
- “Entrepreneurial people are academic and social misfits”
- “All entrepreneurs need is money”
- “Ignorance is bliss for entrepreneurs”
- “Most entrepreneurial initiatives fail”
- “Entrepreneurship is unstructured and chaotic”

What are your presumptions?

# The E-Myth

- Why Most Small Businesses Don't Work and What to Do About It
- Roles in small business
  - The Technician, doer
  - The Entrepreneur, visionary
  - The Manager, pragmatic
- The Entrepreneurial Seizure
- The Fatal Assumption
  - If you understand the technical work of a business, you understand a business that does the technical work



Learn how to build a business

Business planning process

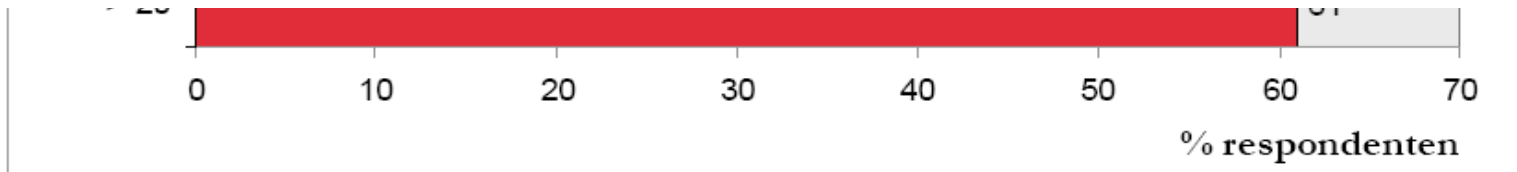
# EDUCATION

# Are entrepreneurs highly educated?



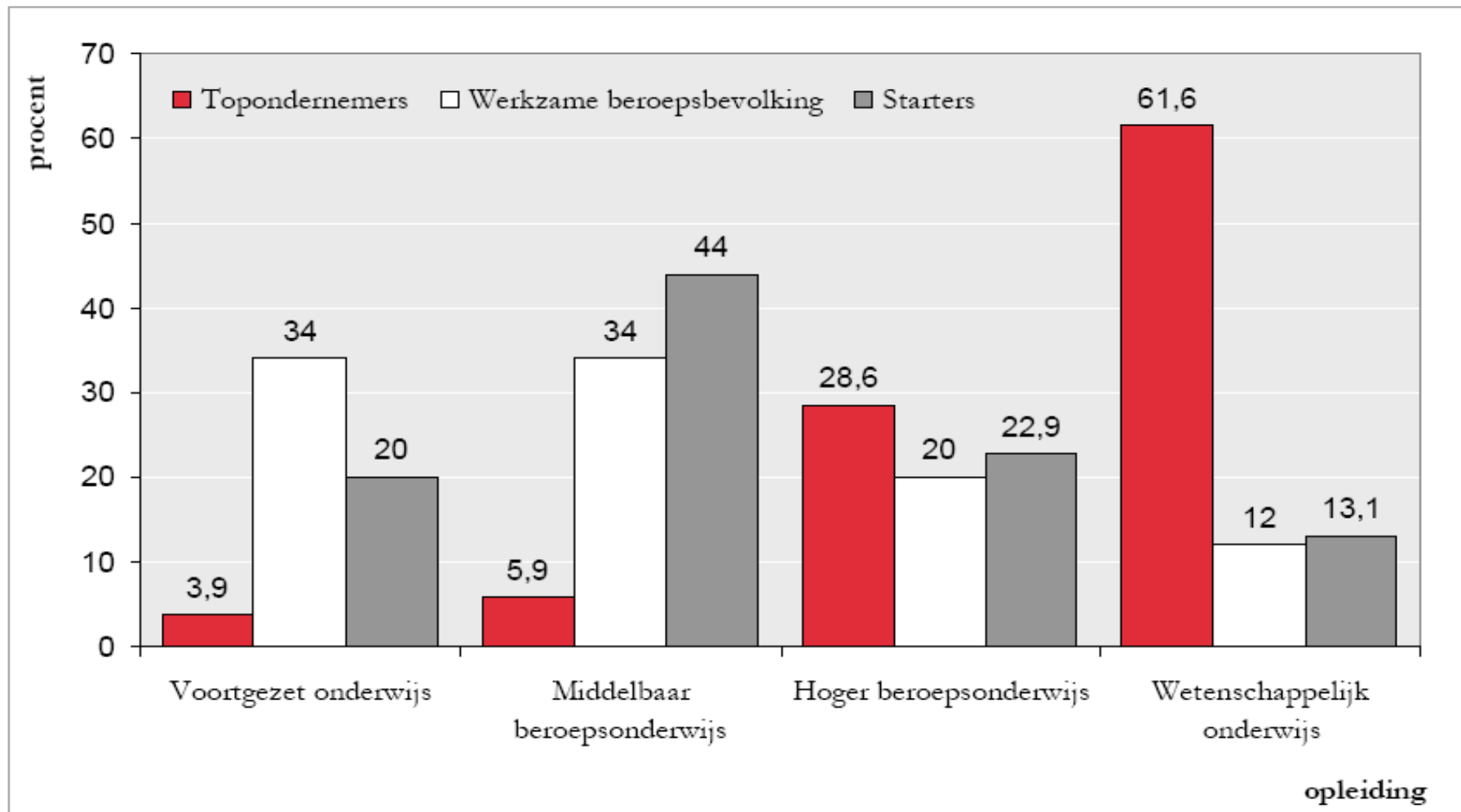
QUESTION:

What percentage of top entrepreneurs are highly educated?



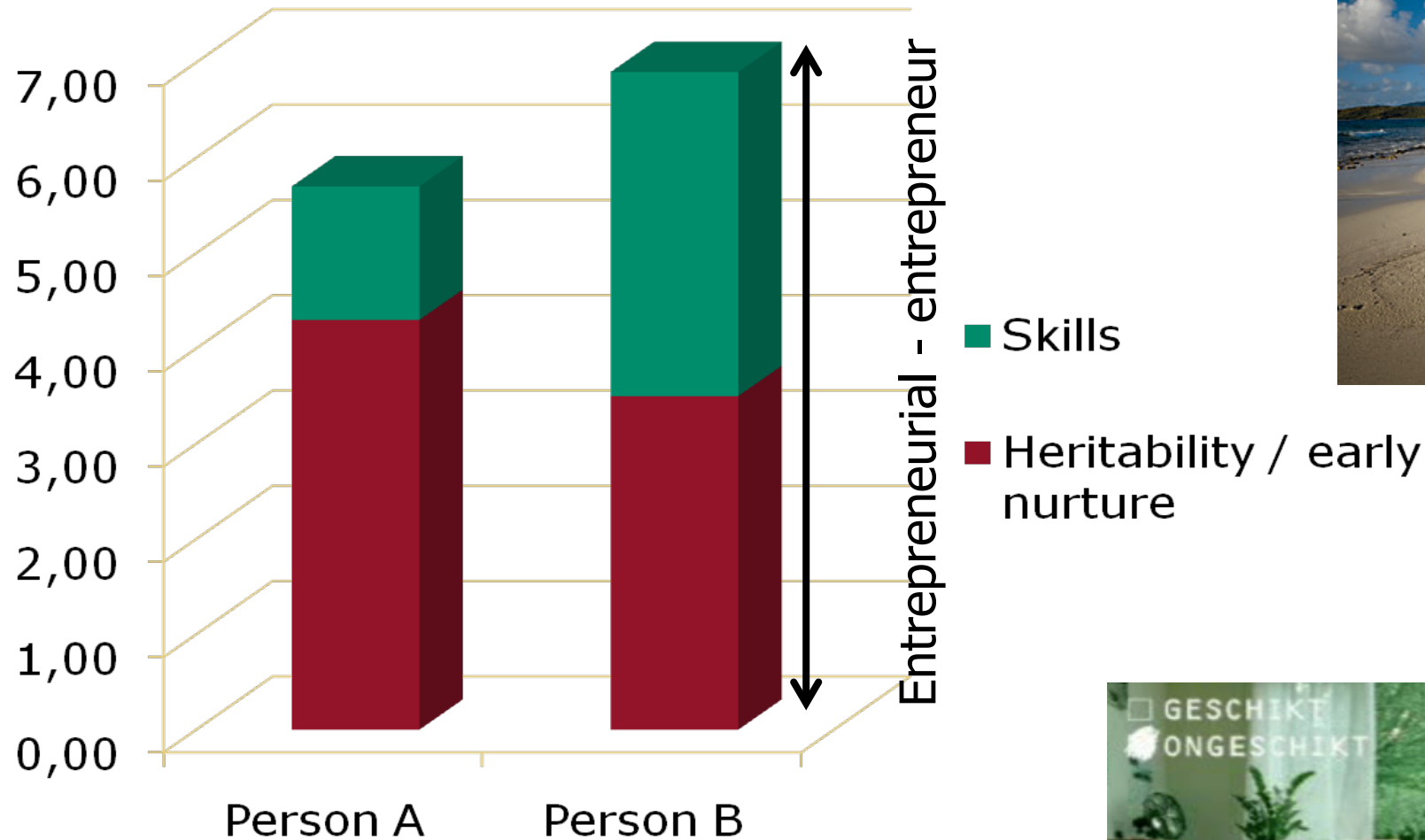
Most people think entrepreneurs are *not* highly educated

# Does education make a difference?



The best entrepreneurs *are* highly educated

# Can we all become entrepreneurs?

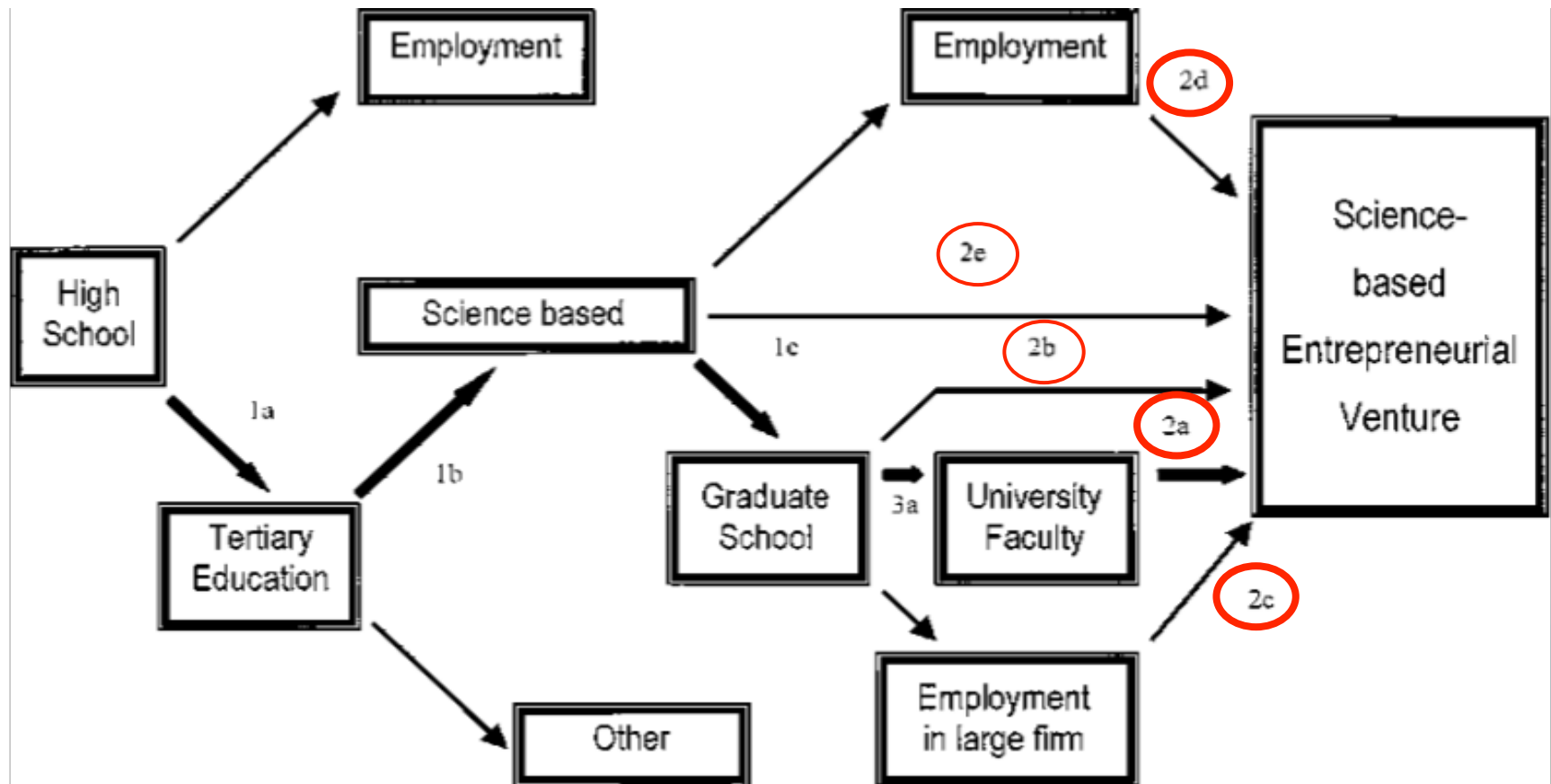


To some degree





# Academic entrepreneurs?



Maximise entrepreneurial attitude

# What can we do in education?

- Transfer knowledge of the 'known'
  - Debunk myths
  - Policies and regulations
  - Business practices
- Prepare to deal with the 'unknown'
  - Perceptiveness
  - Divergent thinking
  - Skills, etc.

Entrepreneurial learning



Why we do business planning?

# CHALLENGE ASSUMPTIONS

# What are you getting yourself into?

## The Five Forces That Shape Industry Competition



How can you add value?

from "The Five Competitive Forces That Shape Strategy" by  
Michael E. Porter, *Harvard Business Review*, January 2008

# What will you do?



Find a balance

Source: Collis & Rukstad (2008)

# Can you say what your strategy is?

## MISSION

Why we exist

## VALUES

What we believe in  
and how we will behave

## VISION

What we want to be

## STRATEGY

What our competitive  
game plan will be

## BALANCED SCORECARD

How we will monitor  
and implement that plan

Treat is like a science

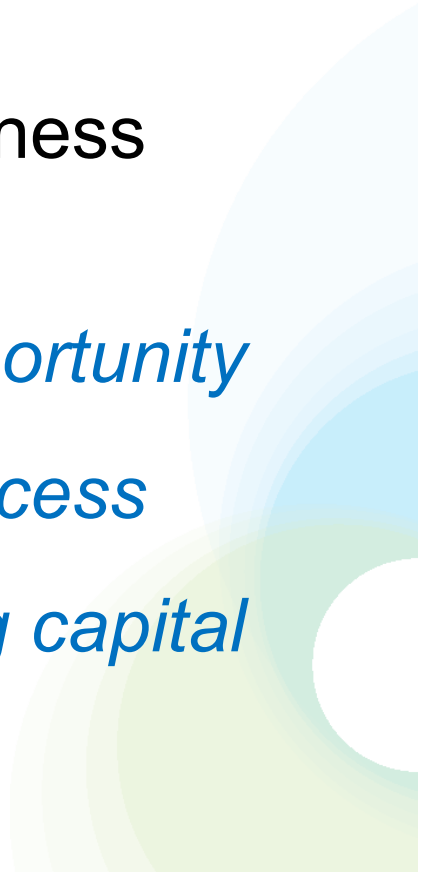
## The BASIC ELEMENTS of a Strategy Statement

**OBJECTIVE** = Ends

**SCOPE** = Domain

**ADVANTAGE** = Means

# What Is a Business Plan?

- A document
    - that sets out the *basic idea* underlying a business and related *startup considerations*
    - Identifies the *nature and context* of the business opportunity
    - Presents the *approach to exploiting the opportunity*
    - Identifies *factors affecting the venture's success*
    - Serves as the entrepreneur's *tool for raising capital*
- 

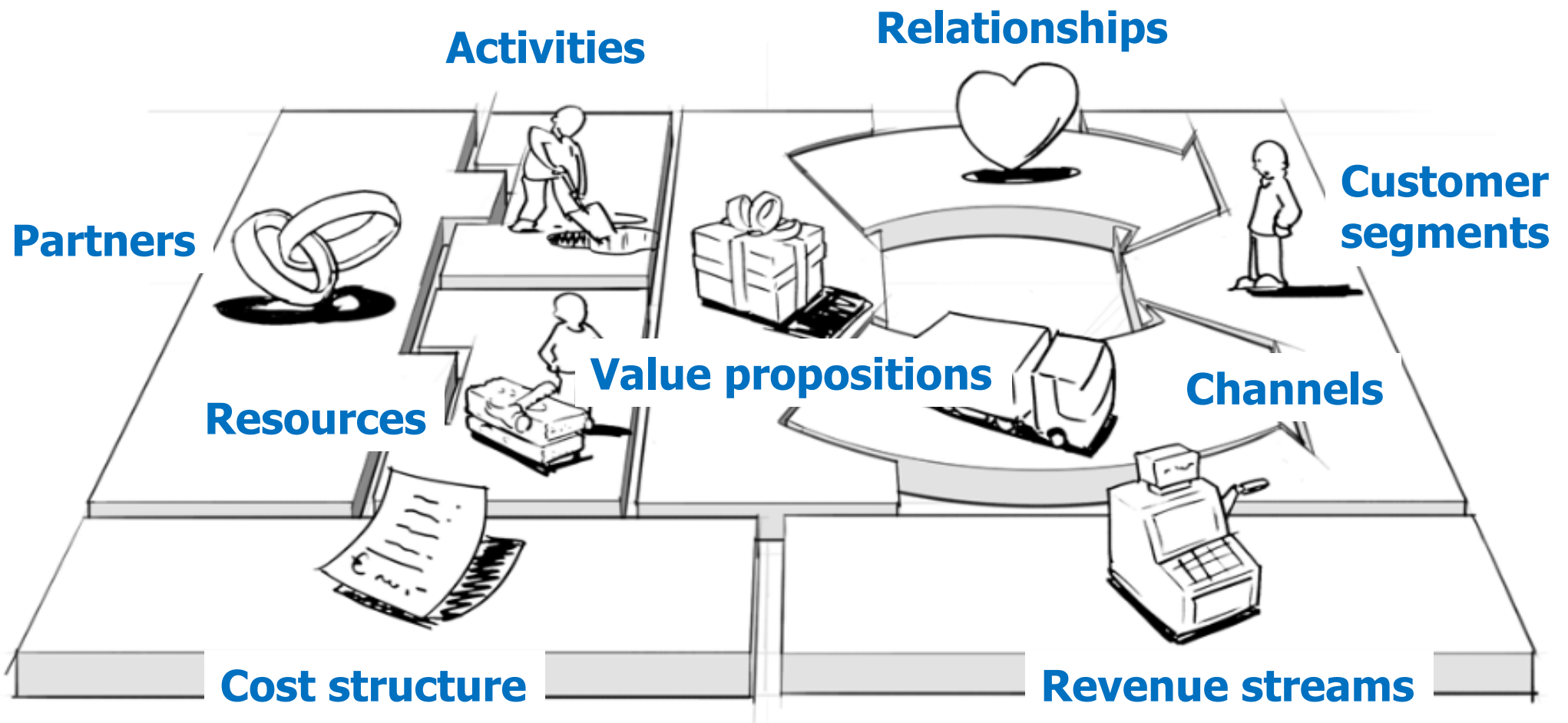
# Who is the plan for?



Discipline and communication



# How does it work together?

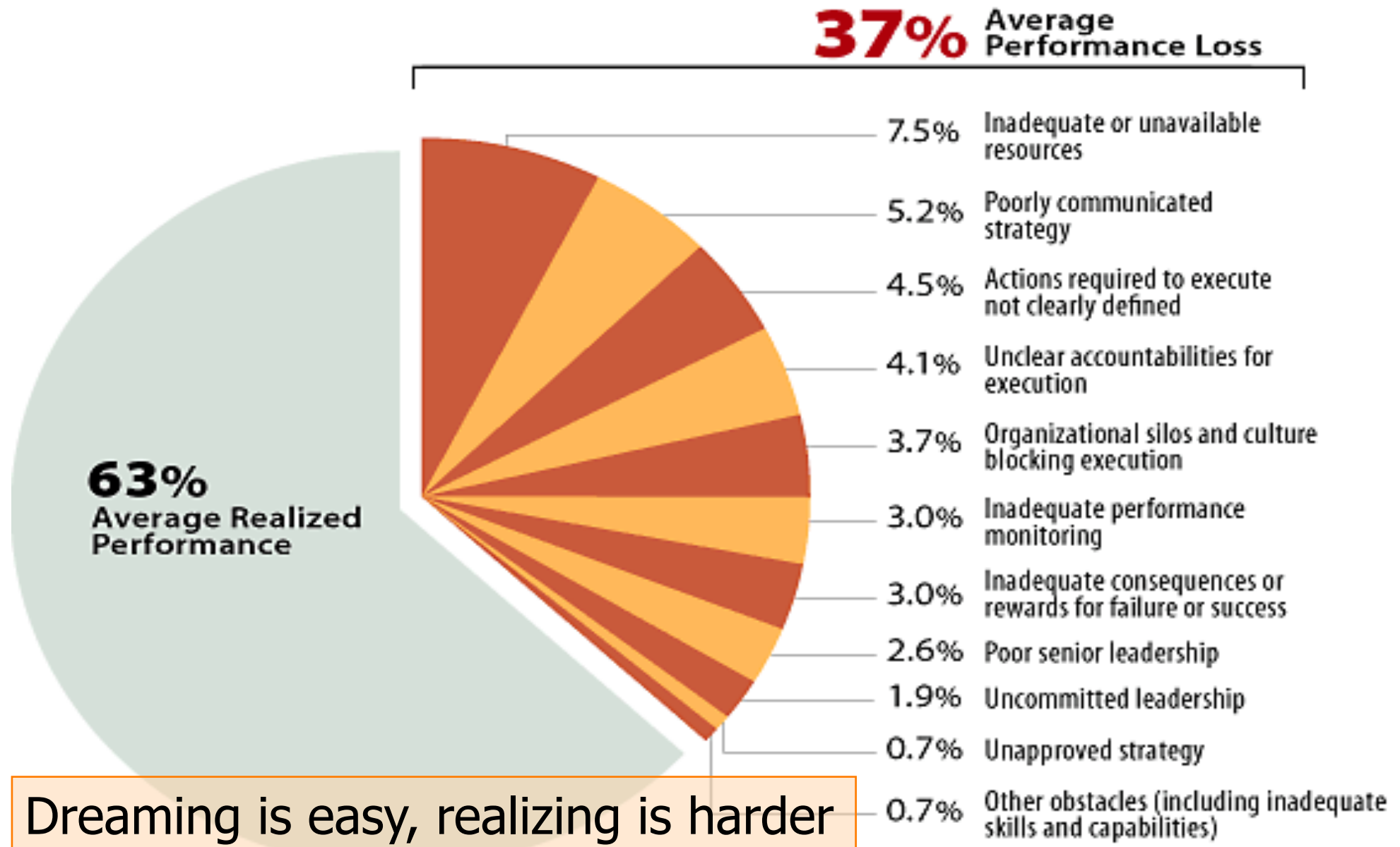


But how do we get there?

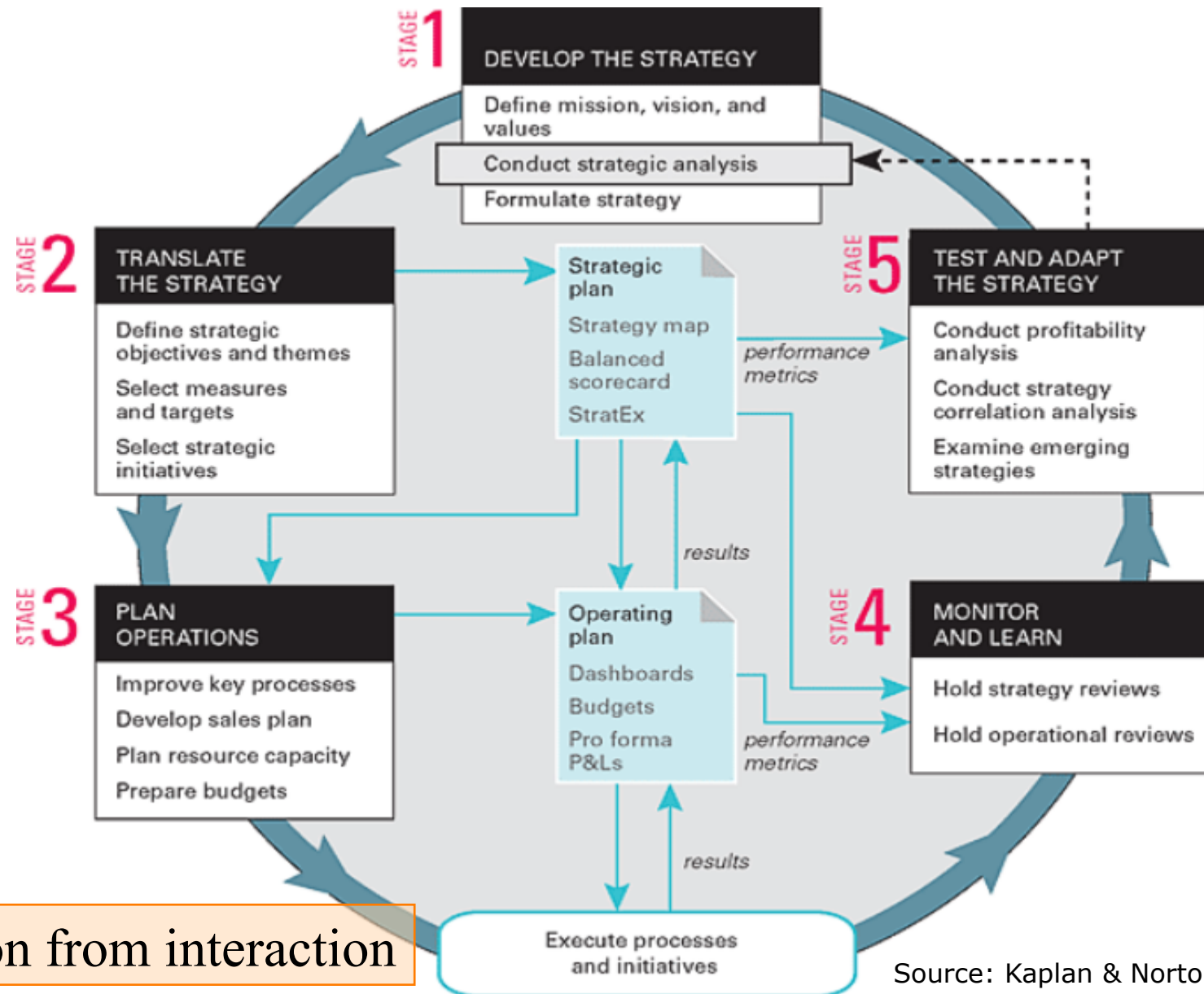
OK, but how do we make it real?

**5 MINUTE BREAK**

# How to turn strategy into performance?



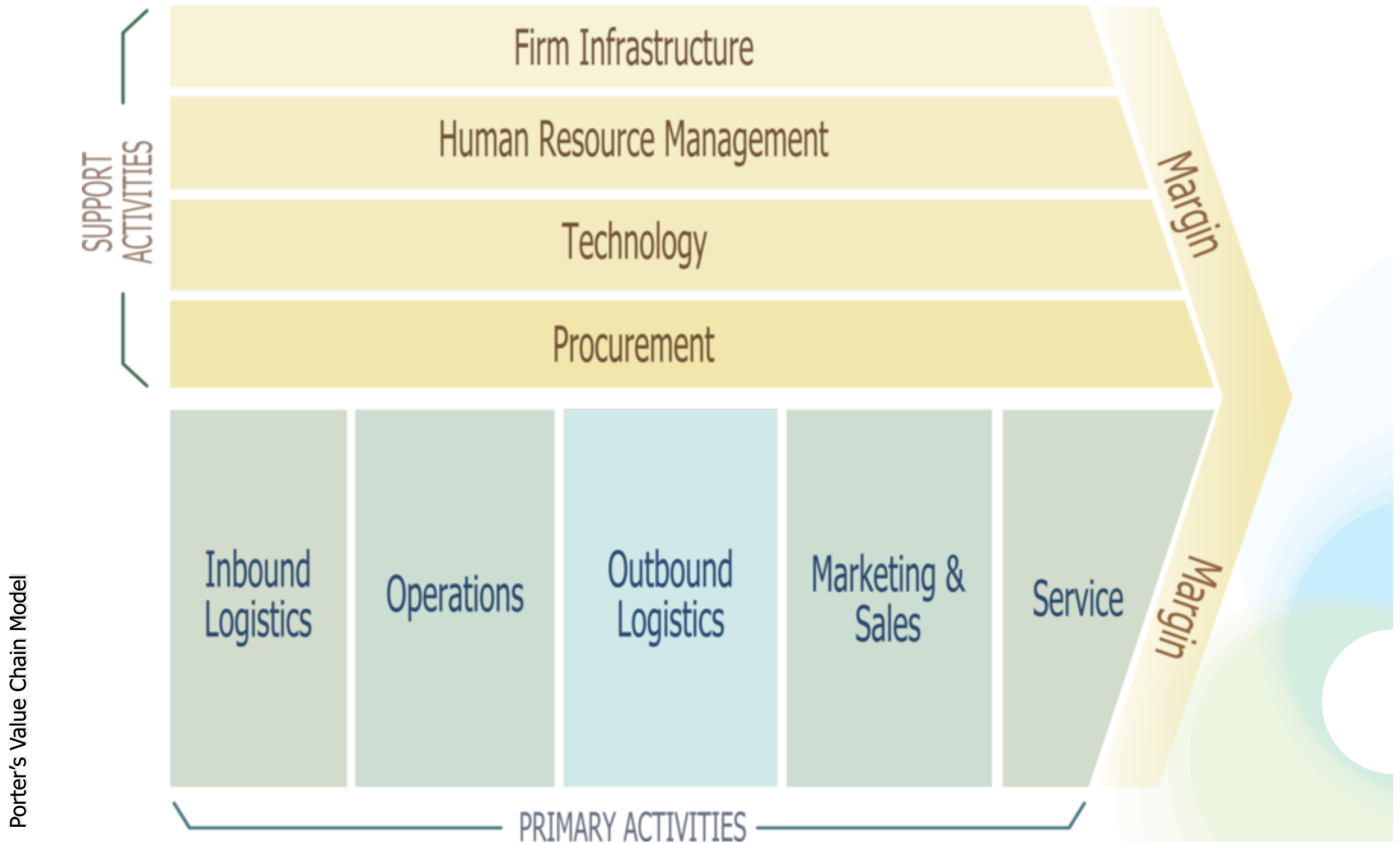
# How to turn strategy into performance?



Get information from interaction

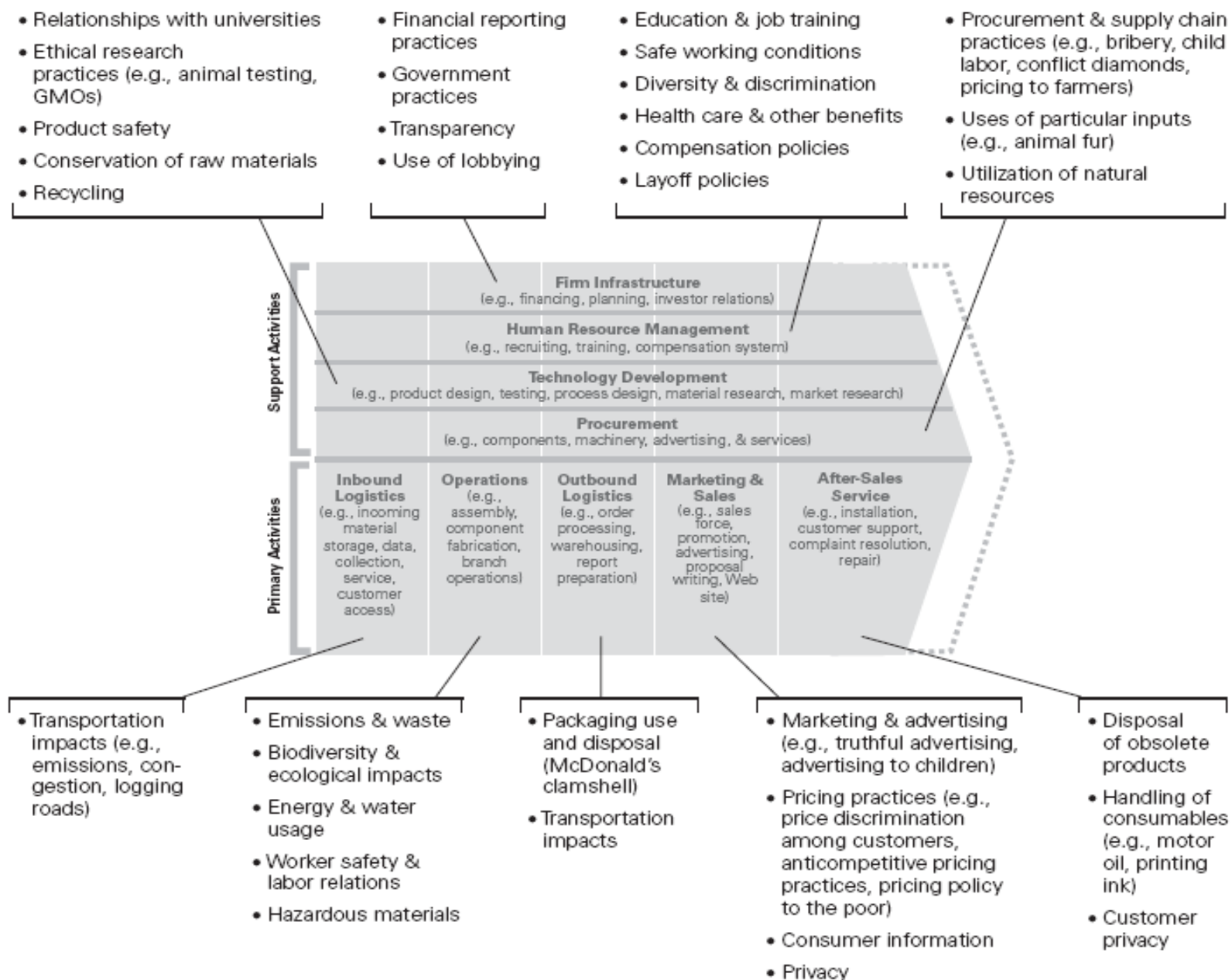
Source: Kaplan & Norton (2008)

# How to organise your business?



# How does your business affect others?

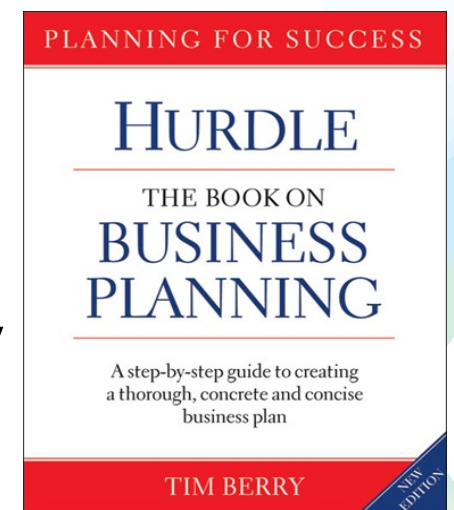
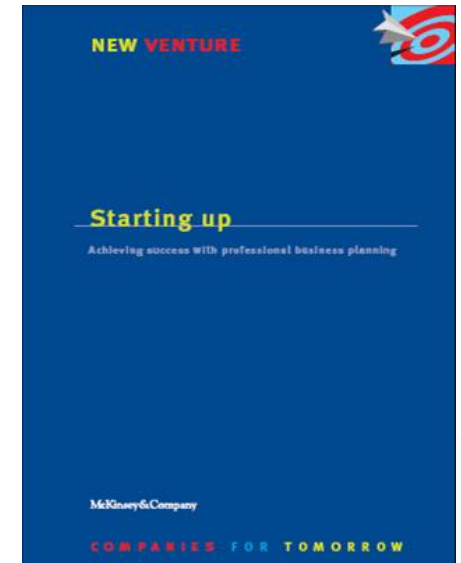
Source: Porter & Kramer (2006). Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility. Harvard Business Review



# How to write a good business plan?

- Begin with idea and business model
- Use resources
  - Starting Up: Document perspective
  - Hurdle: Process perspective
- Start writing asap
- Write, rewrite, rewrite, rewrite, etc.
- External review
- Variables, assumptions and accuracy

Think of the collaborative competition



# Contents of a business plan?

- Title Page
- Table of Contents
- Executive Summary
  - Synopsis
  - Narrative
- Vision and Mission Statement
- Company Overview
- Products and/or Services Plan
- Marketing Plan
- Operating Plan
- Financial Plan
- Appendix of Supporting Documents

How do you make it convincing?



# What does the plan describe?

- Products and/or Services Plan
  - Why should a customer choose you?
- Marketing Plan
  - Customers, competitors, advertising
- Management Plan
  - Entrepreneurial team

Make it concrete

# Who will make this happen?

You can dream, create,  
design and build the most  
wonderful place in the  
world,

but it requires people to  
make the dream a reality.”

Value diversity

Walt Disney



# What do the topics describe?

- Operating Plan
  - Resource organisation
- Financial Plan
  - Needs, sources and projections

Words and numbers tell the same story



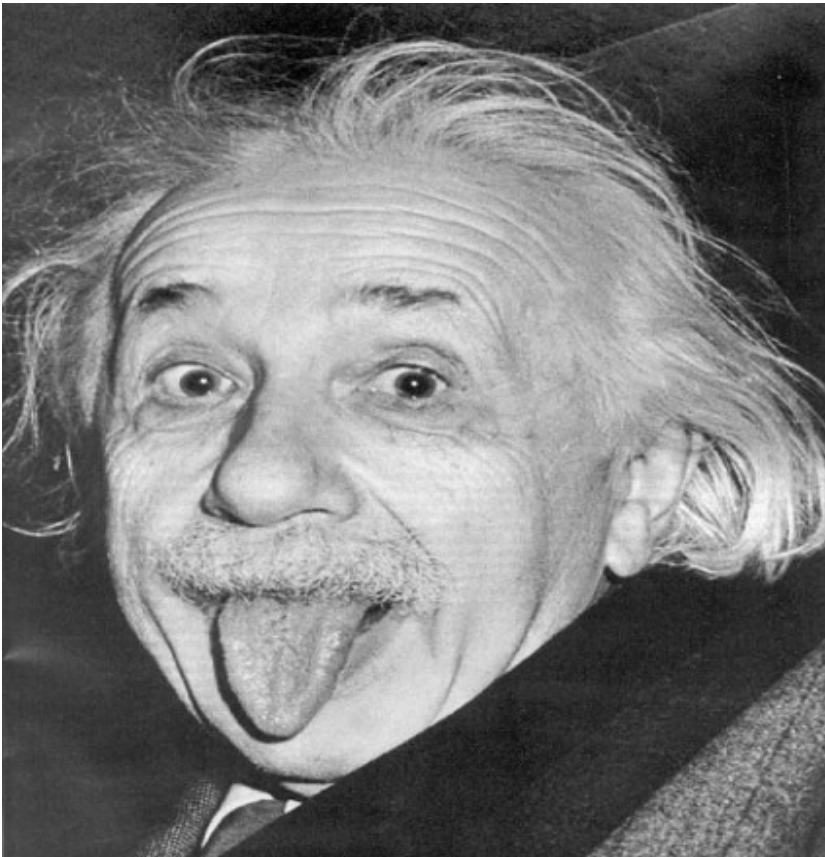
# When you have a document ...

- Good business plans don't ensure success.
  - *Effective implementation* is what succeeds.
- Writing a business plan is *primarily an ongoing process* and only secondarily the means to an outcome.
  - The process is just as important as—if not more so than—the finished product.
- The business plan represents what is anticipated;  
*a good entrepreneur adapts the plan to fit the unexpected.*

You start over

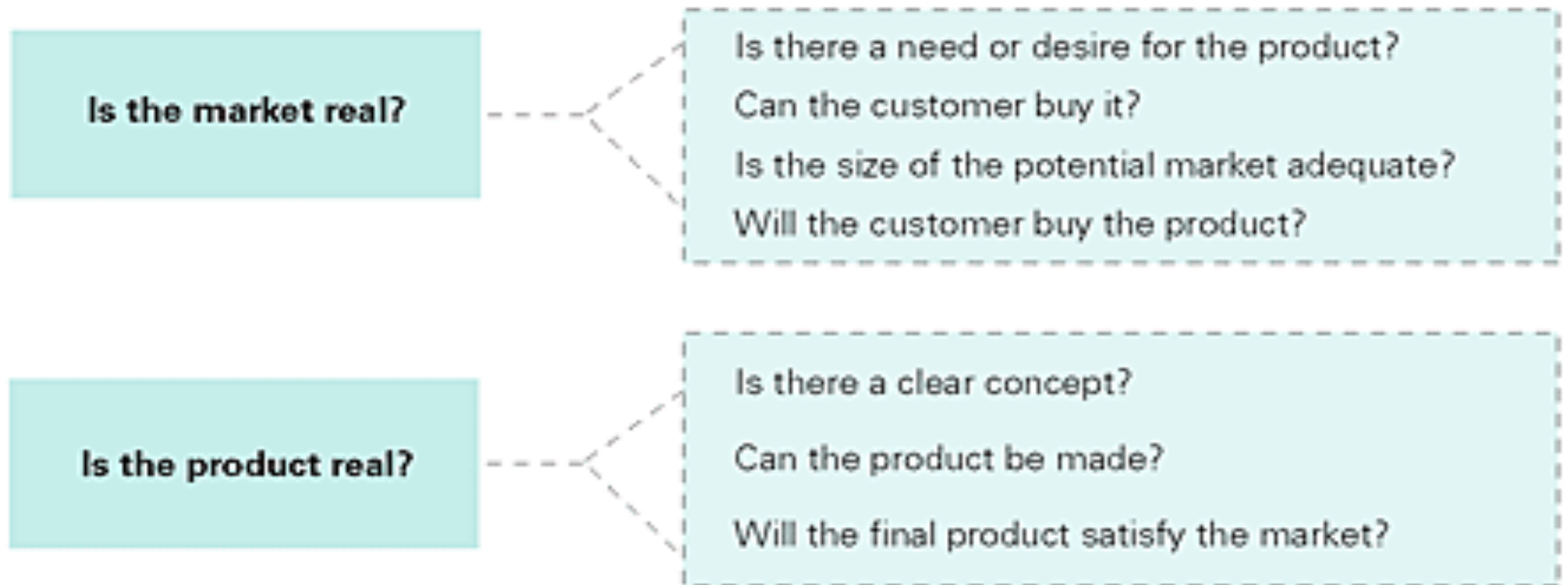
# Why start over?

“The important thing is not to stop questioning; curiosity has its own reason for existing.”



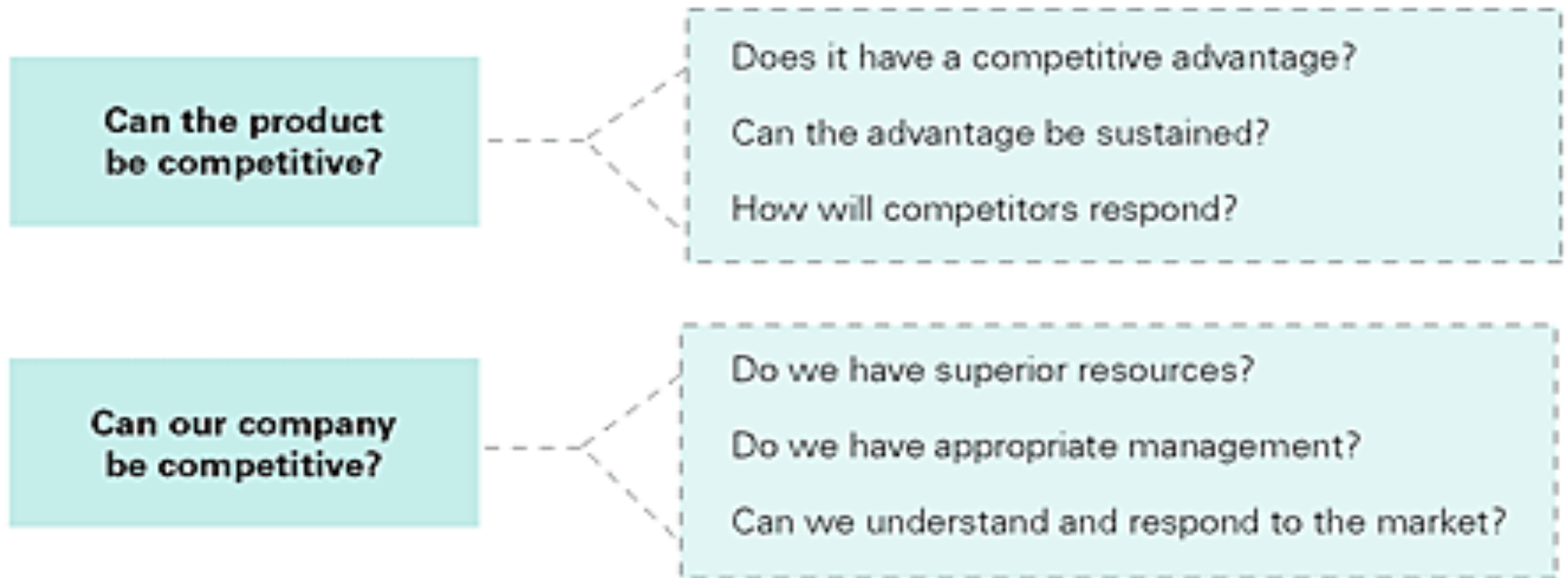
Because the context keeps changing

# Is it real?



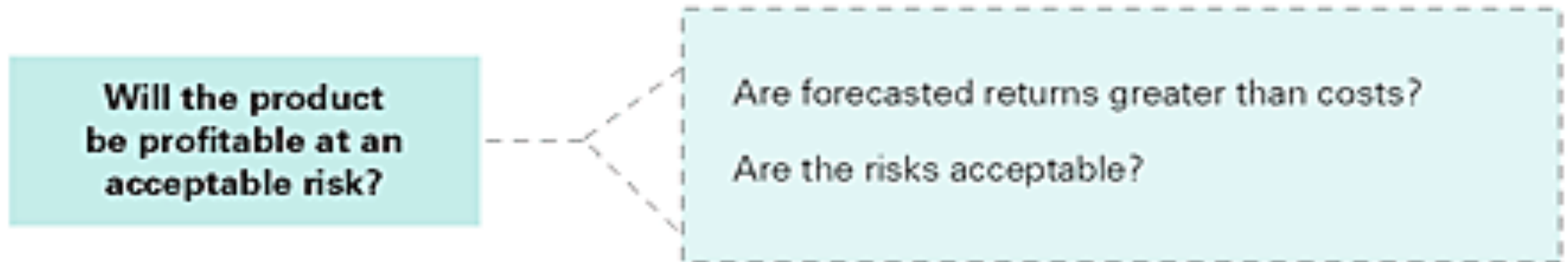
Make it concrete

# Can we win?



How do you compare to alternatives?

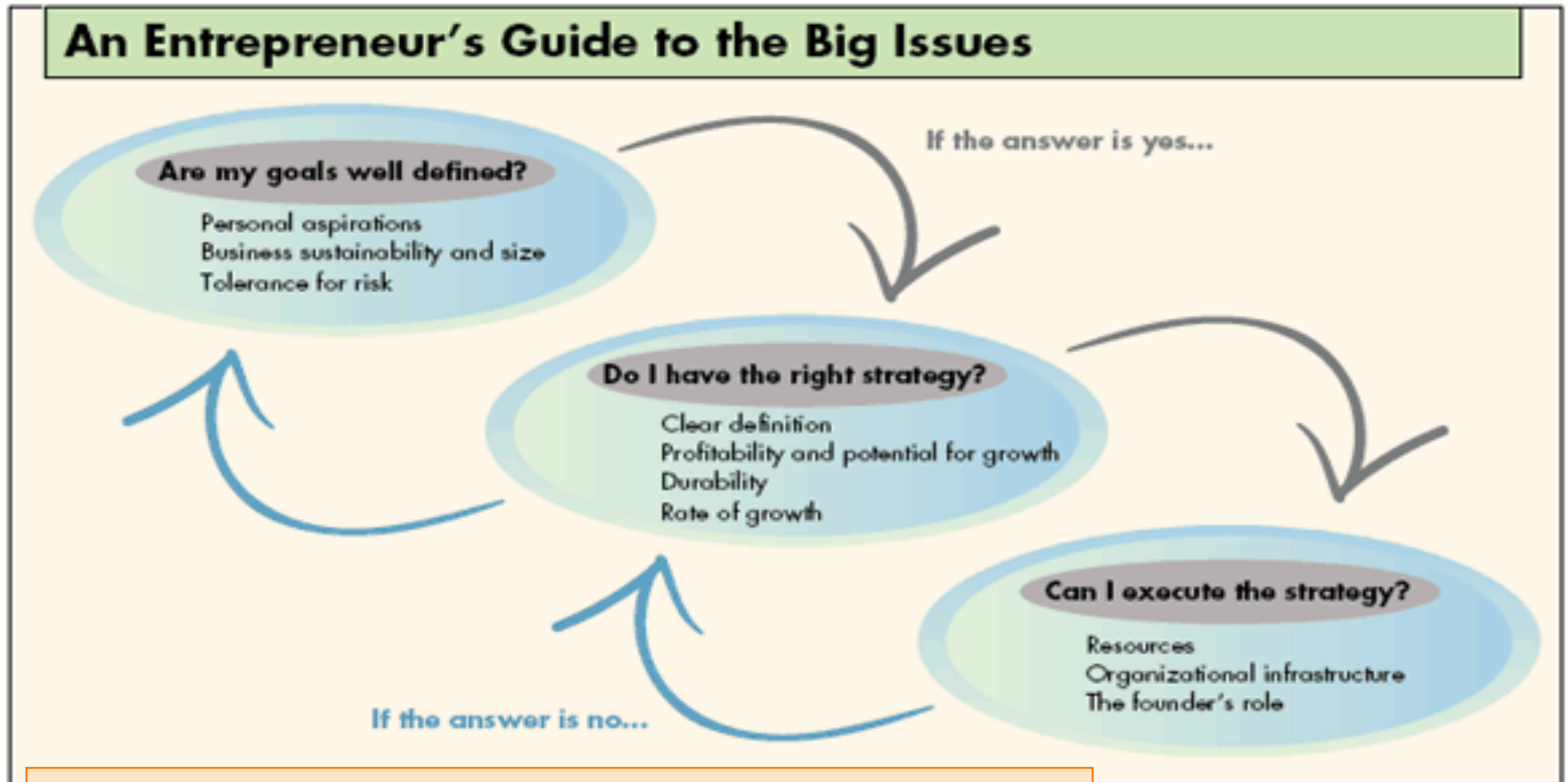
# Is it worth doing?



It is worth your time and energy?



# So how to continue?




Make assumptions and see how they work together

# How do you get there?

- W2: Individual idea pitch; selection and grouping
- W3: Product/service brochure (“prototyping”)
- W4: Business model and interim presentations
- W5: Draft plan and peer review
- W6: Final plan and final presentation



A detailed illustration of a historical map, possibly a world map, with various geographical names in a cursive script. The map is laid out on a wooden surface. Several navigational instruments are scattered around the map: a large wooden sextant in the upper right, a pair of dividers in the center right, a brass compass in the lower left, a telescope in the bottom left, and a sword in the bottom right. A red 'X' is marked on the map, and a text box asks where to put it.

Where do you put your red X?